

# Introduction to IDEA MOE

## Overview of the Maintenance of Effort requirement under the Individuals with Disabilities Education Act

**Federal Funding Conference  
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WISCONSIN DEPARTMENT OF  
**PUBLIC INSTRUCTION**  
Carolyn Stanford Taylor, State Superintendent

Formula funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.

### **Preschool (PS)**

Provides funds for special education services to students ages 3 to 5.

### **Flow-through (FT)**

Provides funds for special education services to students ages 3 to 21.

## **Types of IDEA Formula Grants**

## Definition

# MOE

- ❖ Requirement that a certain level of state and local funding is maintained from year to year.
- ❖ Different rules depending on the federal program.
- ❖ Analysis of program expenditures not funded by grants.

# IDEA MOE Regulations

IDEA requires that LEAs budget and expend the same amount of local funding for special education and related services as it expended in the previous fiscal year.

(34 CFR §300.203)



# Special Education Accounting

To demonstrate compliance, an LEA must use the DPI-assigned accounting structure to identify special education expenditures and what type of funds were used to pay for the expenditures.



**Fund 27**

**Contains all costs related to special education**

**Project 011**

**Expenditures eligible for state special education categorical aid reimbursement**

**Project 019**

**Expenditures not eligible for state aid**

**Project 340**

**Expenditures reimbursed with federal IDEA formula dollars**

**Only project 011 and 019 tagged expenditures are used for MOE compliance**

# Four Possible Ways to Pass MOE

To meet compliance, an LEA must demonstrate that it is spending the same or more than it did in prior year.

An LEA's financial data is examined through four different calculations.

The LEA only needs to 'pass' one of the four calculations to meet the MOE compliance requirement.

# Test 1: State & Local

At least the same total combination of state and local funds were expended as the last year the LEA expended the most state and local funds on special education activities.

**Current Year – MET!**

**\$110,000 E  
coded to 011 & 019**

–

**\$10,000 R  
coded to 780**

=

**\$100,000  
State & Local Costs**

**Prior Year**

**\$110,000 E  
coded to 011 & 019**

–

**\$15,000 R  
coded to 780**

=

**\$95,000  
State & Local Costs**

# Test 2: Local Only

At least the same amount of local funds were expended as the last year the LEA expended the most local funds on special education activities.

**Current Year – MET!**

**Fund 10 to Fund 27 Transfer**  
**27R 110 411000**

**=**

**\$101,000**  
**Local Only Costs**

**Prior Year**

**Fund 10 to Fund 27 Transfer**  
**27R 110 411000**

**=**

**\$100,000**  
**Local Only Costs**

# Test 3: State & Local Per Capita

At least the same student per capita amount from state and local funds were expended as the last year the LEA expended the most state and local funds on special education activities.

Current Year – MET!

$$\begin{array}{|c|} \hline \$100,000 \\ \hline \text{State \& Local Costs} \end{array} \div \begin{array}{|c|} \hline 100 \\ \hline \text{October 1 Child Count} \end{array} = \begin{array}{|c|} \hline \$1,000 \\ \hline \text{Per Capita} \end{array}$$

Prior Year

$$\begin{array}{|c|} \hline \$95,000 \\ \hline \text{State \& Local Costs} \end{array} \div \begin{array}{|c|} \hline 100 \\ \hline \text{October 1 Child Count} \end{array} = \begin{array}{|c|} \hline \$950 \\ \hline \text{Per Capita} \end{array}$$

# Test 4: Local Only Per Capita

At least the same student per capita amount from local funds were expended as the last year the LEA expended the most local and state funds on special education activities.

**Current Year – MET!**

**\$99,000**  
**Local Only Costs**

**÷**

**98**  
**October 1 Child Count**

**=**

**\$1,010**  
**Per Capita**

**Prior Year**

**\$100,000**  
**Local Only Costs**

**÷**

**100**  
**October 1 Child Count**

**=**

**\$1,000**  
**Per Capita**

# MOE Exceptions

MOE “exceptions” are federally allowed justifications for why an LEA’s locally funded special education expenditures decreased between comparison years.

IDEA regulations identify five (and only five) reasons why an LEA can lower special education costs and still meet the MOE compliance standard.



# Exceptions for Lowering Costs

- ❖ Voluntary departure or departure for just cause of special education personnel.
- ❖ Decrease in enrollment of students with disabilities.
- ❖ A student with exceptional special education costs moves out of the district, ages out, or no longer needs the program.
- ❖ The purchase of costly capital, such as a special education vehicle, is paid out.
- ❖ The assumption of the student's program costs by Wisconsin's special education high cost aid for a student with a disability.

# Voluntary Departure of Staff

Must be a position that is accounted for in Fund 27 and not charged to the IDEA grant.

As an allowed exception, the individual must leave the special education position voluntarily or for just cause (fired).

- ❖ Involuntary departure includes lay-offs or contract non-renewals.

If the position was replaced, the allowed exception amount is the net difference between the individuals' salary packages.

# Staff Departure Examples

A special education teacher retires, and the salary and benefits of this long-term and experienced teacher is \$80,000.

The LEA replaces this position with a qualified special education teacher at a salary and benefit of \$60,000.

The LEA would be allowed to reduce their MOE obligation by \$20,000 (net difference between the experienced teacher salary and new teacher salary).

# Staff Departure Examples

A dually-licensed early childhood special education teacher voluntary chooses to accept a teaching position in general education. Her early childhood salary package was \$55,000.

Based on decreasing enrollment in the early childhood age group, the LEA determines there is not a need to replace the early childhood teaching position.

The LEA would be allowed to reduce their local cost MOE obligation by \$55,000.

# Staff Departure Examples

An EBD teacher goes on paid paternity leave for a semester in 2017-18. The LEA covers the teacher's classes with a long-term substitute teacher. The total cost of the teacher and long-term substitute is \$70,000.

In 2018-19, the EBD teacher's salary is once again at \$60,000 for the full year.

The LEA would be allowed to reduce their MOE obligation by \$10,000 (net difference between the teacher on leave + substitute costs and the teacher return to normal schedule).

# Staff Departure Examples

In 2017-18, the LEA employed 15 special education paraprofessionals at the high school.

Based on decreasing enrollment in the high school, the LEA decides to discontinue the contracts for two paraprofessionals in 2018-19, for a savings of \$35,000.

The LEA would be **not** be allowed to reduce their local cost MOE obligation by \$35,000. The LEA would need to reinvest the \$35,000 back into its special education program.

# Student Enrollment Decrease

Between fiscal years, the LEA sees a decrease in the number of students with disabilities in which the LEA is financially responsible (this is also the FAPE agency).

A state and local funded student per capita is determined each year. A decrease in students with disabilities creates an aggregate amount that can be used to lower local costs.

This exception is automatically calculated for the LEA based on the LEA's October 1 Child Count submitted to DPI.

# Student Decrease Example

## Current Year

100  
October 1  
Child Count

=

5  
Difference in  
Child Count

=

\$4,760  
Exception  
Amount

Subtract

Multiply

## Prior Year

\$100,000  
State & Local  
Costs

÷

105  
October 1  
Child Count

=

\$952  
Prior Year per  
Capita Amount

# Costly Special Education Program

A student with a disability who had especially costly special education services leaves the LEA, ages out, graduates, or no longer needs the costly service.

- ❖ DPI defines “costly” as a special education program cost that is greater than the basic open enrollment transfer amount applicable for that year.

A resident student who open enrolls to another LEA qualifies as “left the LEA.”

Expenditure examples: Specialized transportation costs, placement tuition costs, educational interpreter, Hearing Impairment or Visual Impairment teacher.

# Costly Student Examples

\$6,748 – basic open enrollment transfer amount.

A student received specialized instruction through a CESA program at a cost of \$6,000 and specialized transportation at a cost of \$1,000 for that year.

Prior to the start of the next school year, the student moves.

Because the cost of the two programs together is greater than the open enrollment amount for that year, the full \$7,000 is the allowed exception amount for lowering MOE.

# Costly Student Examples

\$6,748 – basic open enrollment transfer amount.

A student received physical therapy at a cost of \$1,500, occupational therapy at a cost of \$750, and speech and language at a cost of \$1,000.

The student graduates at the end of the year.

Because the aggregate cost of the three services is less than the open enrollment amount for that year, these costs would **not** qualify as exception amounts.

# Costly Student Examples

A student was placed in a private educational program by the IEP team and the cost of the tuition was \$35,000.

Prior to the start of the next school year, the IEP team determines the student no longer needs to attend the private educational program and will return to the public school.

Even though the student has not left the LEA, the program changed per the IEP and the full tuition cost of \$35,000 would be the allowed exception.

# Costly Student Examples

A student graduated who had an educational interpreter.

Prior to the start of the next school year, the LEA determined that the educational interpreter was no longer needed and did not renew the individual's contract.

- ❖ Not voluntary – so this is not a Departure of Special Education staff exception.

The full cost of the educational interpreter would be submitted as a costly student exception.

# Special Education Capital

The purchase of special education capital equipment or the cost of remodeling or construction for the special education program paid for with non-grant funds.

Example: The cost of a special education vehicle purchased in one year and coded to project 011 (special education categorical aid) is an exception in the following year.

To qualify as an exception, the capital equipment must have a per unit cost of \$5,000 or more.

# Special Education High Cost Aid

The High Cost Aid program was established through IDEA regulations.

Any revenue received from the High Cost Aid program impacts the LEA's transfer amount at the end of the year.

IDEA specifically addresses High Cost Aid as a revenue that should not impact MOE compliance.

This exception is automatically applied for the LEA.

# Utilizing MOE Exceptions

Multiple exceptions may apply:

## **\$75,000 in exceptions:**

\$20,000 students with disabilities enrollment decrease

\$40,000 in staff retirement costs

\$15,000 tied to an individual student who graduates

If exceptions are approved, LEA maintains the new reduced MOE expenditure level.

# MOE Exceptions in Action

Allowed Exception Amount: \$35,000

Prior Year	Current Year	Failed Amount	Test Status
\$200,000 State & Local Costs	\$150,000 State & Local Costs	\$50,000	<b>FAILED</b> The approved amount is less than the lower amount, so the lower amount becomes the new threshold.
\$100,000 Local Only Costs	\$75,000 Local Only Costs	\$25,000	The new threshold is \$100,000. <b>MET</b> with exceptions.

## IDEA Regulation Comments on §300.204

### OSEP Letter to White

Specifically states that savings due to the negotiated reduction in staff benefits did not qualify as an exception.

## **COST SAVINGS:** **The following are not allowed as exceptions**

### **Decrease in costs due to:**

- Employee contributions to WRS
- Switching health insurance programs
- Changing the OPEB contribution
- Converting to HRA systems
- Position eliminations
- Withdrawal from shared programs
- Transportation contract savings

# OPEB - Not An Exception

Prior Year	Current Year	Failed Amount	Test Status
$\begin{array}{r} \$200,000 \\ \text{Staff Salaries} \\ + \\ \$75,000 \\ \text{OPEB} \\ \text{contribution} \\ = \\ \$275,000 \end{array}$	$\begin{array}{r} \$200,000 \\ \text{Staff Salaries} \\ + \\ \$25,000 \\ \text{OPEB} \\ \text{contribution} \\ = \\ \$225,000 \end{array}$	$\$50,000$	<b>FAILED</b> The decrease in OPEB contributions is not an allowed exception under IDEA

# Self Insurance - Not An Exception

## Current Year Budget

Estimated  
cost of  
self-insurance  
premiums paid  
throughout  
the year  
=  
\$200,000

## End of Year Actuals

Final premium  
costs for the  
year are  
significantly  
lower than  
budgeted  
=  
\$155,000

## Failed Amount

\$45,000

## Test Status

**FAILED**  
When dealing  
with  
self-insurance,  
the LEA must  
have a plan to  
handle  
significant  
variances from  
budget estimates  
to finals.

# The 50% Rule

IDEA allows for an “adjustment” in an LEA’s local special education expenditure obligation based on the amount the LEA receives in IDEA flow-through formula funds each year.

If the LEA sees an increase in its flow-through funds, half of the value of the increase represents the amount the LEA can lower its local special education spending.

# 50% Rule Adjustment

Prior Year  
Flow-through  
Allocation

\$400,000

Current Year  
Flow-through  
Allocation

\$500,000

Flow-through  
Allocation  
Difference

\$100,000

50%  
of the  
Difference

\$50,000

Prior Year  
State & Local  
Costs

\$900,000

Current Year  
State & Local  
Costs

\$880,000

State & Local  
Difference in  
Costs

(\$20,000)

Test Status

**MET**  
with adjustment

# Adjustment Eligibility

LEAs cannot take advantage of the 50% Rule Adjustment in any given fiscal year if:

- ❖ The LEA has been found by DPI to be significantly disproportionate.
- ❖ The LEA is not meeting requirements under IDEA.
  - ❖ State Performance Plan Indicator Determinations

# Adjustment Availability

The full adjustment difference is available if the LEA has not also claimed CEIS set-aside funds. Any amount claimed through CEIS lowers the adjustment amount available. The claiming of Title I Schoolwide set-aside funds has no impact.

Adjustment Amount	CEIS Claimed	Adjustment Amount Available
\$50,000	\$0	\$50,000
\$50,000	\$25,000	\$25,000
\$50,000	\$50,000	\$0

**How DPI uses existing  
data to monitor MOE  
Eligibility & Compliance**

## MOE Eligibility Test

- The LEA's fund 27 (special education) budget amounts compared to a prior year's actual fund 27 expenditures.
- Determines whether an LEA is "eligible" to receive the IDEA formula grant.

## MOE Compliance Test

- The LEA's fund 27 actual current year expenditures compared to a prior year's actual fund 27 expenditures.
- Determines whether an LEA is in final compliance with the MOE requirement.

# **Fiscal Data - Eligibility**

PI-1504  
Special Education  
Budget Report

Submitted to DPI's  
School Financial  
Services team  
(Collected October  
to December for  
current fiscal year)

- LEAs submit all Fund 27 (special education) planned expenses including locally funded and grant funded expenses.
- Usually submitted by the LEA's Business Office.
- Data is used in LEA's MOE calculation to determine IDEA grant eligibility.

# Fiscal Data - Compliance

PI-1505  
Special Education  
Annual Report

Submitted to DPI's  
School Financial  
Services team  
(Collected July to  
September for  
previous fiscal  
year)

- LEAs submit all Fund 27 (special education) expenses including locally funded and grant funded expenses.
- Usually submitted by the LEA's Business Office.
- Data is used to determine LEA's state special education categorical aid ***and*** IDEA MOE compliance.

# Child Count Data

WISEdata

Data is pushed regularly to WISEdata by the LEA's Student Information System

- October 1 Child Count
  - Students with active IEPs or Services Plans (private school) on October 1 of each year.
- Used to determine a “student per capita” expenditure amount for purposes of MOE.
- Used to determine amount for “decrease in students with disabilities” exception.

# Web-based IDEA MOE Reports

- ❖ Accessed through the WISEgrants web portal.
  - Any user who has access to the IDEA formula budgets (flow-through / preschool) automatically has access to the MOE reports.
- ❖ Pulls financial data from the 1504 and 1505 special education financial reports and WISEdata October 1 Child Count.
- ❖ Calculates the four MOE tests.
- ❖ Allows the LEA to submit exceptions to pass failed tests.
- ❖ Allows the LEA to run scenarios to determine future compliance.

# When an LEA fails all four tests...

Maintenance of Effort for Eligibility is failing by \$35,574.23				
Comparison Difference	State & Local	Local Only	State & Local Student per Capita	Local Only Student Per Capita
	(\$53,946.43)	(\$35,574.23)	(\$72,867.95)	(\$47,593.98)
	Failed (\$53,946.43)	Failed (\$35,574.23)	Failed (\$72,867.95)	Failed (\$47,593.98)

Failing MOE Eligibility (budget compared to actuals):

- ❖ Submit allowed exception information.
- ❖ Update 1504 Special Education budget report.
- ❖ Written assurance with projected actual expenditures.

Maintenance of Effort for Compliance is failing by \$19,638.93				
Comparison Difference	State & Local	Local Only	State & Local Student per Capita	Local Only Student Per Capita
	(\$45,988.86)	(\$19,638.93)	(\$317,068.75)	(\$222,496.12)
	Failed (\$45,988.86)	Failed (\$19,638.93)	Failed (\$317,068.75)	Failed (\$222,496.12)

Failing MOE Compliance (actuals compared to actuals):

- ❖ Move costs from IDEA grant to local funds (up to Sept 30).
  - ❖ This entails returning IDEA claimed funds and reclassifying costs from a project 340 to either 011 or 019 project code.
- ❖ Submit allowed exception information.
- ❖ Cash penalty, using local funds, in the amount failed by less any approved exceptions (using lowest failed by amount).

## IDEA MOE Timeline

July 1, 2018	LEA submits FY 2018-19 IDEA Part B Formula Certification and Assurances which includes an assurance statement that the LEA will remain in compliance with IDEA maintenance of effort requirements.
Oct. 2018 - Dec. 2018	LEA submits its FY 2018-19 PI-1504 SE Budget report to the SFS Reporting Portal.
December 2018	DPI reviews FY 2018-19 IDEA MOE Eligibility Reports, provides initial notification to LEAs of failure to meet MOE eligibility.
Dec. 2018 - Jan. 2019	DPI works with LEAs to meet IDEA MOE eligibility.
February 2019	LEAs meet MOE eligibility or IDEA claims are “shut off.”

## IDEA MOE Timeline

March 2019 - June 2019	LEAs use MOE eligibility scenario calculator to monitor FY 2018-19 compliance.
July 2019 - Sept. 2019	LEA submits its FY 2018-19 PI-1505 SE Annual report to the SFS Reporting Portal.
Until Sept. 30, 2019	LEAs can amend FY 2018-19 claims, returning IDEA flow-through funds and recoding the costs to project 011 or 019, and resubmit the PI-1505 SE Annual.
October 2019	DPI reviews FY 2018-19 IDEA MOE Compliance Reports, provides initial notification to LEAs of failure to meet MOE compliance.
Oct. 2019 - Feb. 2020	DPI works with LEAs to meet IDEA MOE compliance.

## IDEA MOE Timeline

March 2020	Final IDEA MOE compliance for FY 2018-19 determinations are made. LEAs receive an IDEA non-compliance letter with penalty amount that must be paid to DPI. LEAs must demonstrate they will meet IDEA MOE compliance for the following year (FY 2019-20).
April 2020 - May 2020	LEAs that failed FY 2018-19 IDEA MOE compliance implement corrective actions.
July 2020	DPI sends FY 2018-19 IDEA MOE non-compliance penalty amounts to the US Department of Education.
August 2020	DPI sends closing letters to LEAs that failed FY 2018-19 IDEA MOE compliance if the corrective actions have been completed.

# Additional Technical Assistance

## **IDEA Maintenance of Effort DPI Technical Assistance Page**

<https://dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort>

## **IDEA Maintenance of Effort Guide**

[goo.gl/AGXsDH](https://goo.gl/AGXsDH)

## **National Center for IDEA Fiscal Reporting - MOE**

<https://cifr.wested.org/resources/lea-moe/>

